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SPECIAL ECONOMIC AND DISASTER RELIEF ASSISTANCE

Assistance to the Comoros

Report of the Secretary-General

1. In its resolution 34/127 of 14 December 1979 on assistance to the Comoros, the General Assembly, inter alia, requested the Secretary-General to continue his efforts to mobilize the necessary resources for an effective programme of financial, technical and material assistance to the Comoros, and to arrange for a review of the economic situation of the Comoros and the progress made in organizing and implementing the special assistance programme for that country in time for the matter to be considered by the General Assembly at its thirty-fifth session.
2. The Secretary-General arranged for a review mission to visit the Comoros to consult with the Government on the economic situation and on the progress made in implementing the special economic assistance programme. The report of the review mission, which is annexed hereto, describes the economic and financial position of the country and summarizes the progress which has been made in implementing the projects included in the special assistance programme.
3. In resolution 34/127, the Secretary-General was also requested to pursue with the Government of the Comoros the question of organizing a meeting of donors and, in that respect, to co-ordinate efforts with the United Nations Development Programme, the Economic Commission for Africa and the World Bank. Required consultations have taken place and a document summarizing relevant international experience with holding such meetings, setting out the modalities for organizing them, and offering possible alternative courses of action, was communicated to the Government of the Comoros for its consideration.
4. In paragraph 6 of resolution 34/127, the General Assembly invited a number of United Nations organizations and specialized agencies to bring to the attention of

* A/35/150.

their governing bodies, for their consideration, the special needs of the Comoros and to report the decisions of these bodies to the Secretary-General by 15 August 1980. Furthermore, in paragraph 8 of the resolution, the appropriate specialized agencies and other organizations of the United Nations system were requested to report to the Secretary-General on the steps they have taken and the resources they have made available to assist the Comoros. The text of resolution 34/127 has been communicated to the agencies and organizations concerned and their attention drawn to the specific requests addressed to them by the Assembly. The responses of the agencies and organizations will be reproduced in a report of the Secretary-General covering the Comoros and other countries for which the General Assembly has requested the Secretary-General to organize special economic assistance programmes.

ANNEX

Report of the review mission to the Comoros

(21 to 28 March 1980)

CONTENTS

	<u>Paragraphs</u>	<u>Page</u>
I. INTRODUCTION	1 - 5	2
II. GENERAL SITUATION IN THE COMOROS	6 - 17	3
III. PROGRESS IN IMPLEMENTING THE SPECIAL ECONOMIC ASSISTANCE PROGRAMME	18 - 21	6

APPENDIX

Details of projects remaining in the special economic assistance programme	9
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I. INTRODUCTION

1. The report of the Secretary-General on assistance to the Comoros (A/34/361, see also A/34/556), considered by the General Assembly at its thirty-fourth session, referred to his previous reports (A/33/170 and A/32/208/Add.1 and 2) and to Assembly resolutions 31/42 of 1 December 1976, 32/92 of 13 December 1977 and 33/123 of 19 December 1978 on the same subject.
2. On 14 December 1979, the General Assembly adopted resolution 34/127, in which it noted with concern that the assistance so far provided falls short of the urgent requirements of the Comoros and reiterated its appeal to Member States, regional and interregional organizations and other intergovernmental bodies to provide effective and continuous financial, material and technical assistance to help the country overcome its financial and economic difficulties.
3. The General Assembly also requested the Secretary-General to arrange for a review of the economic situation of the Comoros and the progress made in organizing and implementing the special economic assistance programme for that country in time for the matter to be considered by the Assembly at its thirty-fifth session. In pursuance of the resolution, arrangements were made for a United Nations mission under the direction of the Office for Special Political Questions to visit the Comoros from 21 to 28 March 1980.
4. The mission was received by the Prime Minister, His Excellency Mr. Salim Ben Ali, and was briefed by the Minister of Foreign Affairs and Co-operation, His Excellency Mr. Ali Mroudjae, and by the Minister of Finance, Economy and Planning, His Excellency Mr. Said Kafe. The mission paid a courtesy call on His Excellency the Governor of Grande Comore. During its visit, it held working sessions with the senior officials of the sectoral ministries concerned and met with some members of the diplomatic corps and with technical assistance personnel provided by the United Nations system.
5. The mission wishes to place on record its appreciation of the assistance it received from the Government of the Comoros. The Government had prepared for the mission's visit and made available all the basic information required for the review. The mission also wishes to acknowledge the assistance it received from the Resident Representative of the United Nations Development Programme and his staff.

II. GENERAL SITUATION IN THE COMOROS

6. The major factors contributing to the critical situation in the Comoros at independence in July 1975 were described in some detail in the report of the Secretary-General (A/32/208/Add.1), hereafter referred to as the "principal report". That report was updated after the Government change of May 1978 by a further report of the Secretary-General (A/34/361).

7. In the principal report it was noted that the Comoros was one of the least developed countries in the world. Poor in natural resources, including cultivable land and minerals, its deficit-ridden mainly agrarian economy was based on outdated socio-economic and administrative institutions and was devoted mostly to a few export crops. It lacked viable physical infrastructures for road and sea transport and for communications, energy supply and water management. Inadequate educational and technical and vocational training facilities resulted in an acute shortage of trained human resources and made dependence on expatriate staff inevitable. The country's high rate of population growth compounded the problems of providing adequate nutrition and health services. Population pressure also contributed significantly to the chronic trade deficit problem as it made it necessary to depend increasingly on imported staple foodstuffs and other basic consumption commodities.

8. The mission was informed that there has been no improvement with regard to the marketing of the ylang-ylang essence, which is one of the major exports of the country. While there was no demand for the inferior grades of the product, the cost of producing the higher grades had become prohibitive owing to the doubled cost of fuel. The Government was therefore considering whether it might not be better to shift from the production of ylang-ylang to the introduction of some other crop. The mission suggested that the Government should seek the advice of a joint FAO/UNCTAD/UNIDO mission on such a major decision.

9. The major single economic problem facing the Government continued to be its budget deficit. Table 1 below shows the Government budgets for 1979 and 1980. It can be noted from the table that the over-all deficit has more than doubled in absolute terms from CFA 1,295 millions ^{a/} in 1979 to CFA 2,664 millions in 1980. The deficit has also registered a considerable increase in relative terms, rising from 35.8 per cent in 1979 to 49.1 per cent in 1980. The main causes of the increase have been the establishment of the local or governorate administrations on each of the three islands, the purchase of essential equipment, the maintenance costs of public buildings and inflation.

^{a/} All conversions in this report have been at the rate of CFA 200 = \$US 1.00.

Table 1

Government revenues and expenditures

(Millions of CFA)

<u>Administration</u>	<u>1979</u>			<u>1980</u>		
	<u>Revenues</u>	<u>Expenditures</u>	<u>Deficit</u>	<u>Revenues</u>	<u>Expenditures</u>	<u>Deficit</u>
Grande Comore	692.8	907.8	215.0	819.7	1,360.2	540.5
Anjouan	354.3	473.8	119.5	437.6	1,034.5	596.9
Moheli	76.0	126.0	50.0	119.2	278.0	158.8
<u>Subtotal</u>	<u>1,123.1</u>	<u>1,507.6</u>	<u>384.5</u>	<u>1,376.5</u>	<u>2,672.7</u>	<u>1,296.2</u>
Federal	1,198.0	2,108.6	910.6	1,379.3	2,747.3	1,368.0
<u>Total</u>	<u>2,321.1</u>	<u>3,616.2</u>	<u>1,295.1</u>	<u>2,755.8</u>	<u>5,420.0</u>	<u>2,664.2</u>

10. The mission was informed that of the 1980 estimated budget expenditures 41.1 per cent is provided for the social sector, 19.5 per cent for the economic sector, 15.7 per cent for justice and security and 15.7 per cent for public services. Fifty-seven per cent of the budget is allocated to staff costs and 38 per cent to equipment and supplies. Virtually all of the revenues accrue from indirect taxes and the widening gap between revenues and expenditures seriously affects all efforts for sustained economic development.

11. The Government said that, while all possible efforts are being made to contain expenditures, improve budgeting and accounting procedures and tackle the problems of restructuring the administration, its recurrent budget will continue to require external financial support for some time to come. With the help of bilateral and multilateral assistance, the Government has made a good start in the development of agriculture, with making the country self-sufficient in food production as the main objective. The introduction of demonstration farms and a network of extension services will no doubt help the modernization of the sector. However, time will be required for these and other efforts to produce significant results.

12. The mission was also informed that the capital investment account for 1980, which is to be completely financed by external aid, was not fully covered. Only \$4.2 million of the necessary \$6.8 million have been secured, leaving a balance of \$2.4 million to be sought from the international community.

13. The balance of trade continued to show a sizeable deficit in 1979, as can be seen from table 2 below. A 50 per cent increase in the value of 1979 imports as compared to 1978 was nearly covered by the large increase in the value of 1979 exports which was ascribed to an unusually favourable price for vanilla, one of the country's main exports.

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Table 2

Balance of trade

<u>Year</u>	<u>Exports</u>		<u>Imports</u>		<u>Import a/ Cover ratio Percentage</u>	<u>Trade balance \$000</u>
	<u>Volume Metric tons</u>	<u>Value \$000</u>	<u>Volume Metric tons</u>	<u>Value \$000</u>		
1974	5,400	8,908	75,115	25,845	34	-16,937
1975	4,263	9,256	55,425	22,612	41	-13,356
1976	6,304	9,265	40,776	12,994	71	-3,729
1977	2,099	8,991	39,812	16,546	54	-7,555
1978	3,500	9,127	45,429	21,330	43	-12,203
1979 <u>b/</u>	3,350	18,440	59,365	32,178	57	-13,738

a/ $\frac{\text{Export value}}{\text{Import value}} \times 100$

b/ Estimated on basis of January to October returns.

14. The Government attributes the large increase in the value of 1979 imports mainly to an increase in the cost of food imports. It is not Government policy to impose stringent restrictions on such imports at present but rather to encourage the local production of substitutes.

15. The deficit in the balance of trade has been gradually increasing over the past few years and, in the absence of a favourable solution for the problem of ylang-ylang production and marketing, this trend is expected to continue unmoderated.

16. The problem of port improvement and interisland transport was raised by the Government with the mission as a matter of high priority, in view of its serious effect on all efforts for the development of the country's small-island economy. The Government stressed the fact that frequency and reliability of sea transport services is a basic determinant of the level of distribution costs and the prices paid and received by consumers and producers for import and export goods. The effectiveness of such services will also determine the optimum required levels of stocks and strategic reserves of many commodities. While recurrent shortages of essential goods may be harmful to the country's economic and social stability, keeping large stock covers implies the immobilization of scarce financial resources which a poor economy cannot afford to spare. The Government therefore hoped that special attention could be drawn to the country's needs in this area, including two new projects which related to the expansion of two ports and for which it was seeking international financing (see appendix, paras. 16-21).

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17. Another matter considered by the Government to have reached critical urgency relates to the storage of petroleum fuels, which was included in an accelerated development project recommended in the principal report. The present installations have been deteriorating at a very fast rate. The project has been amended, required materials for repair have been acquired, and a modest external aid is urgently needed to conclude the work (ibid., para. 10).

III. PROGRESS IN IMPLEMENTING THE SPECIAL ECONOMIC ASSISTANCE PROGRAMME

Special assistance programme

18. A programme of assistance consisting of 37 projects and classified into (a) critically urgent, (b) accelerated development, and (c) small-scale technical co-operation projects was recommended in the principal report (see A/32/208/Add.1, paras. 64 to 127). The programme was estimated to require some \$26 million plus some 388 expert-months of technical assistance. During last year's review, two more projects estimated to cost about \$12 million were proposed by the Government for inclusion in the programme (see A/34/361, paras. 82-87).

19. Of the 39 projects included in the recommended programme of assistance, 29 have so far been fully financed. In addition, partial funding has been secured for seven projects. No progress has been made with the remaining three projects. The main sources of assistance to the programme have been Abu Dhabi, Federal Republic of Germany, France, Sweden and Switzerland and UNDP, UN/DTCD, UNEF, UNESCO, UNIDO, ADB, BADEA, EDF, IFD, IMF, World Bank and WFP. During the past two years a total of about \$35 million was received from these sources towards the requirements of the special programme of assistance.

20. Table 3 summarizes the progress which has been made in implementing the projects included in the programme. Details of projects remaining in the assistance programme are given in the appendix below.

21. The Government of the Comoros has expressed its appreciation of the positive response of the international community to the country's programme of special economic assistance. It noted that the assistance so far provided has fallen short of its needs and stressed the importance of continued international aid flows to help it cope with its serious economic and financial problems.

Table 3

Summary statement on progress in implementing projects

<u>Project</u>	<u>Remarks</u>
Essential budgetary support	Partially covered. \$US 6.2 million provided by France
Development of food crops	Covered. \$2.3 million. EDF: ADB: UNDP/FAO.
Development of Nioumakeli area	Covered. \$1.0 million. ADB: World Bank: UNDP.
Coconut improvement and rat extermination	Covered. \$5.5 million World Bank.
Agricultural training	Covered. UNDP/FAO: IFAD.
Agricultural development credit	Covered. \$0.4 million. ADB: BEI: UNEF: Federal Republic of Germany.
Agricultural tools and equipment	Partially covered, bilateral aid.
Malaria eradication	Partially covered. WHO.
Equipment and supplies for hospitals	Covered. \$1.5 million. France.
Supplementary hospital feeding	Covered. WFP.
Airport improvement and development:	Partially covered. UNDP/ICAO.
Anjouan Airport	Covered. \$1.0 million. Abu Dhabi.
Hahaia airport runway	Covered. \$6.5 million. France.
Water development	Covered. \$0.345 million. UNDP/FAO: EDF.
Food storage capacity	Covered. \$0.130 million. WFP.
Reconstruction and resettlement	Covered. Self-help and EDF.
Small livestock development	Covered. \$2.3 million. EDF: IFAD: UNICEF.
Maize milling	Covered, within general maize project financed by EDF.
Reafforestation pilot project	Covered. \$0.885 million. UNDP/FAO: FED: SIDA.

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<u>Project</u>	<u>Remarks</u>
Production of agricultural hand tools	Covered. UNDP/UNIDO.
Salt production	Partially covered. UNIDO.
Strategic reserve of petroleum fuel	Partially covered. Bilateral.
Training in technical trades	Covered. ILO.
Training of paramedical personnel) " " dental assistants)	Covered. World Bank.
Ambulances	Covered. Switzerland.
Meteorology and meteorological telecommunications	Covered. World Bank under revised airport improvement project.
Hydroelectric development	Covered \$1.950 million. ADB.
Geothermal energy	Partially covered. UNDP.
Consultant, agricultural development projects	Covered. UNDP/FAO.
Reinforcement, National Centre for Planning	Covered. UNDP/UN.
Management of refrigeration complexes	Covered. ADB.
Assistance with financial control	Covered. IMF.
Primary school teacher adviser	Covered. UNESCO.
Statistical development adviser	Covered. UNDP/UN.
Adviser, National accounts	Covered. ECA/World Bank.
Postal services and telecommunications	Covered. BADEA/EDF.

APPENDIX

Details of projects remaining in the special economic assistance programme

1. Essential budgetary support

1. As previously reported, continuing support to the recurrent budget will be necessary for some years to come. The development projects now being implemented by the Government will not immediately enlarge the productive basis and the revenues on which taxes could be levied. In the meantime, and in spite of stringent austerity measures, Government expenditures will increase to meet appropriate public administrative costs incurred by the Federal and island governorates authorities and to provide improved social services.

2. The approved recurrent budget for 1980 shows a deficit of approximately \$13 million. The Government is determined to curb expenditures to the greatest possible extent and to take appropriate steps to promote better fiscal and accounting procedures. Nevertheless, budgetary assistance to cover that deficit remains absolutely essential.

3. As indicated in the reports of previous missions (see A/32/208/Add.1, para. 71 and A/34/361, para. 25), part of the budgetary support could take the form of food aid which the Government could sell and utilize the proceeds for specified purposes. The list of commodities and appropriate quantities which could be used in this way remain as follows:

Rice	15,000 metric tons
Sugar	3,000 " "
Canned meat and fish	1,000 " "
Canned milk	400 " "
Edible oil	600 " "

2. Airports improvement and equipment

(a) Anjouan airport equipment

4. This airport is seriously deficient in equipment. It has no fire-fighting or rescue apparatus and its equipment for aerial-navigation and aeronautical meteorology is very limited. The improvements needed are divided into two phases: Phase I would cover equipment which is essential for a minimum of safety and for essential meteorological work. Phase II would provide for subsequent improvement of aerial navigation and for runway maintenance equipment. The items required for these two phases are the following:

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Phase I (essential minimum for safety and for essential meteorology)

(a) Aerial navigation and ground installation

<u>Quantity</u>	<u>Designation</u>
1	HF SSB 6-channel transmitter-receiver, 200 watt (for air-ground communications)
1	HF SSB 3-channel transceiver, 400 watt (for fixed aeronautical and meteorological communications)
1	Rescue boat, with engine and VHF radio (for marine search and rescue)
1	Rapid intervention (fire-fighting) vehicle (carrying 1,000 litres of water), with VHF radio
1	Cross-country service vehicle, with VHF radio
1	Standby diesel generating set, 120 KVA
1	General-purpose logistical support building for the security, fire and rescue equipment

(b) Meteorological equipment

1	HF SSB transceiver, 300 watt (for meteorological communications)
1	Evaporation station, complete
1	Wind speed/direction recording system
1	Thermograph temperature recorder
1	Set of calibration instruments

Phase II - Aerial navigation and ground installation

1	HF SSB 6-channel transmitter-receiver, 200 watt
1	VHF AM single-channel transmitter-receiver, 50 watt (single)
	Runway maintenance equipment

(b) Moheli airport

5. This airport remains a mere landing strip with no terminal building. The Government estimates at CFA Francs 70 million (\$US 350,000) the cost of a building

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to accommodate passengers and house the equipment. The equipment needed for safe handling of traffic is as follows:

(i) Aerial navigation and ground installation

<u>Quantity</u>	<u>Designation</u>
1	Assembly with one VHF AM ground/air 50-watt transmitter and two VHF AM single-frequency receivers
1	HF SSB three-channel transceiver, 400 watt (for fixed aeronautical and meteorological communications)
1	Rescue boat, with engine and VHF radio (for marine search and rescue)
1	Cross-country service vehicle, with VHF radio
1	Rapid intervention (fire-fighting) vehicle (carrying 1,000 litres of water) with VHF radio
1	Stand-by diesel generating set
1	Technical block building
1	General-purpose airport building for security, fire and rescue equipment

(ii) Meteorological equipment

1	Wind speed/direction recording system
1	Barograph, thermograph, rain gauge and radio theodolite; complete installation
1	SSB transceiver, 300 watt
1	Evaporation station, complete
1	Thermograph recording thermometer
1	Set of calibration instruments

(iii) Aerial navigation equipment

1	HF transmitter-receiver station comprising HF SSB six-channel transmitter, 200-watt, and HF mobile receiver
1	NDB dual 50-watt radio beacon installation with antenna

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(c) Technical assistance needs for airports operation

6. The Government continues to seek technical assistance support to meet the following needs:

- (a) ILS/VOR technician
- (b) Aerial navigation engineer
- (c) Meteorological engineer
- (d) Installation technician
- (e) Fire-fighting and rescue instructor

7. Each of the first four experts are required for two years, the last one for one year. In addition, training outside the country will be needed for a considerable number of Comorian technicians.

3. Air transport

8. Air Comoros, a parastatal corporation, operates a single Fokker 27 aircraft between the islands and to the mainland (Mombassa, Kenya). To prevent any disruption of the service, the Government lays great emphasis on the need for a second aircraft of the short/medium range type, suitable to the distances between the islands and to the neighbouring African countries. Several types of aircraft have been considered by Air Comoros among those available on the market. For a Fokker 27, the cost would be about \$6 million, plus spare parts and provision for training crew and maintenance staff.

4. Interisland marine transport

9. The State-owned "National Transport Corporation" operates small and old vessels for interisland sailing. The services provided are relatively costly and not really dependable, and the Government stresses the need for a reliable vessel. A figure of \$500,000 was tentatively given in the 1979 report of the Secretary-General but a more accurate estimate should result from a feasibility study for which no financing is available.

5. Strategic reserve of petroleum fuels

10. This project has been on the programme for two years. Government officials have reported that the situation of the existing storage tanks has further deteriorated to the point of threatening the security of their operation and endangering the fuel supply on which the power plants providing electricity depend. A study has been carried out for the rehabilitation of the existing tanks and the

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installation of a new one so as to provide the six months' reserve deemed necessary to meet the uncertainties of the supply in the country. A parastatal corporation "Comores hydrocarbures" has financed the acquisition of the equipment which is now on the spot, but external aid is urgently needed for the \$1 million required for assembling and setting up this equipment.

6. Agricultural tools and equipment

11. No progress has been made towards acquiring the items currently needed which were listed in annex II of A/34/361. The cost of those items will probably exceed the original estimate of \$1.5 million.

7. Malaria eradication

12. The World Health Organization (WHO) has made a study of the problem but has not yet determined the best strategy to be followed for the eradication programme, the cost of which also remains uncertain. WHO will contribute \$400,000 in 1982-1983 from its regular budget. The balance of required funds, estimated at about \$1 million, remains to be secured.

8. Strategic food reserve

13. Although progress has been made in creating some food storage capacity to meet the need for establishing a strategic food reserve, as recommended in paragraphs 102 and 103 of the principal report, no offers of assistance have so far been received towards establishing this important precaution against the uncertainties of marine transport, weather conditions and agricultural failures.

9. Salt production

14. A technical report financed by UNDP and prepared by UNIDO has been completed. Three Comorians have been sent to Mauritius for training. However, no source for financing the required investment has yet been found.

10. Geothermal energy

15. UNDP has agreed to finance a study of the geothermal energy potential of the Comoros. Difficulties in recruiting a suitable expert to undertake the study have persisted. Since last year's review no progress has been made with regard to the training of Comorians in the field of geology.

11. Development of secondary ports a/
on Grande Comore and Moheli

16. At present, no port in the Comoros can accommodate ocean-going ships. External traffic is handled by transshipment in the ports of Madagascar, Kenya and the United Republic of Tanzania to coasting vessels serving the islands. Besides the political constraints imposed by this dependence on foreign ports, the practice also leads to higher freight costs.

17. The Government of the Comoros has therefore decided to make Mutsamudu (Anjouan) the main dispersal port of the archipelago by extending the existing jetty and deep-water docking space for ocean-going vessels. Goods will then be distributed from Mutsamudu to the other islands by coasting vessels of 500 to 1,000 tons. To accommodate such vessels, the building or improvement of the secondary ports on Grande Comore (Moroni), and Moheli (Fomboni) will be necessary. Such improvements will make it possible to improve the supply arrangements, thereby reducing the cost of many products. Running out of stock and losses of goods will occur less frequently. Contacts also will be facilitated and the dormant economy will revive.

18. A feasibility study has been carried out for the improvement of the dispersal port at Mutsamudu, the cost of which (about \$30 million) is expected to be met by Kuwait. The improvement of the dispersal port will produce all the desired effects only if the secondary ports are also constructed.

19. The port of Moroni must be improved to handle the expected traffic of some 26,700 incoming tons and 12,300 outgoing tons a year. The works required include the establishment of a mooring berth, the construction of a breakwater and the dredging of an access channel. The cost estimate, based on 1973 studies, updated to account for inflation and to include port handling equipment and the construction of warehouses, amounts to approximately \$10 million.

20. Improvement of Fomboni port requires the construction of a new jetty and a solid pier, the provision of port handling equipment and the construction of warehouses. A study was prepared in 1975. Allowing for improved proposals and for price rises since 1975, it is estimated that this project would cost about \$10 million.

21. An \$8 million loan for port development in the Comoros has been approved by BADEA. The balance of required financing is still to be secured.

a/ New project.